UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington DC 20250

For: State and County Offices

Deferred EQIP Contracts

Approved by: Acting Deputy Administrator, Farm Programs

[signature: Paul Gutierrez]

1 Overview

A Background

EQIP contracts that are not approved in the fiscal year (FY) offered may be deferred by the producer for future consideration. When a deferred contract is approved by NRCS, the original CCC-1200 is reinstated in the software system. The system does not consider this a new CCC-1200 and does not apply Adjusted Gross Income (AGI), EQIP obligation limitation, or beginning and limited resource producer validations to the contract.

Because the system does not apply these validations to deferred contracts, the County Office should prepare a replacement contract according to this notice. The system will automatically apply these validations to replacement contracts. The obligation limitation applies to EQIP contracts **approved** in FY 2002 through FY 2007. The AGI validation and the beginning or limited resource producer, in addition to the obligation limitation, apply to contracts **approved** in FY 2003 through FY 2007.

B Purpose

This notice provides State and County Offices with instructions:

- for canceling deferred contracts in the system
- for creating replacement contracts.

C Contact

If there are questions about this notice:

- County Offices shall contact the State Office
- State Offices shall contact Sharon Rafter, CEPD at 202 690-1612.

Disposal Date	Distribution
December 1, 2004	State Offices; State Offices relay to County Offices and NRCS Offices

1   Overview (Continued)

D Consultation

NRCS National Headquarters has reviewed and is in agreement with the contents of this notice.

2   Handling Deferred EQIP Contracts

A County Office Responsibility

When a contract that was deferred in FY 1997 through FY 2002 is approved, County Offices shall:

- reinstate the deferred CCC-1200
- cancel the reinstated CCC-1200
- create a replacement CCC-1200
- record the CCC-1200 approval.

B Example of Menu EEB200

The options County Offices shall use to process these contracts are located on Menu EEB200. This is an example of Menu EEB200.

```
COMMAND                            EEB200                              E5
 Conservation CCC-1200 Contract Menu
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   1.  Create CCC-1200            10.  CCC-1200 Reports/Forms Menu
   2.  Update CCC-1200
   3.  Approval Process
   4.  Disapproval Process
   5.  Deferral Process
   6.  Cancellation Process
   7.  Reinstatement Process
   8.  Deletion Process
   9.  Print CCC-1200             20.  Return To Application Primary Menu
                                  21.  Return To Application Selection Screen
                                  22.  Return To Office Selection Screen
                                  23.  Return To Primary Selection Menu
                                  24.  Sign Off


 Cmd3=Previous Menu

 Enter option and press "Enter".  ___
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2   Handling Deferred EQIP Contracts (Continued)

C   Handling Approval of Deferred CCC-1200

Step	Action
1	On Menu EEB200, ENTER "7", and PRESS "Enter".
2	On Screen EEB20500, enter the contract number, and PRESS "Enter".
3	On Screen EEB20505, enter "Y" to the question, "Is this the CCC-1200 to be reinstated (Y or N)?", and PRESS "Enter".
4	On Screen EEB27000 or Menu EEB200, ENTER "6", and PRESS "Enter".
5	On Screen EEB20500, enter the contract number, and PRESS "Enter".
6	On Screen EEB20505, enter "Y" to the question, "Is this the CCC-1200 to be canceled (Y or N)?", and PRESS "Enter".
7	On Screen EEB27000 or Menu EEB200, ENTER "1", and PRESS "Enter".
8	Using the information from the original CCC-1200, complete the screens to create the replacement contract. **Note:** If the producer is a beginning or limited resource producer, enter "Y" for that question.
9	After the replacement contract has been created, record approval of CCC-1200 by entering the information from the original contract.
10	Note on the contract that this is a replacement contract and the number of the original contract. Staple the original CCC-1200 to the replacement CCC-1200.

3   Processing Deferred Contracts That Were Approved in FY 2002 and FY 2003

A   Identify FY 2002 and FY 2003 Contracts

To identify contracts that were approved in FY 2002 and FY 2003 which were previously deferred, County Offices shall print the CCC-1200 Status Report for fund codes:

- XX3333/2002
- XX7222/2002
- XX7233/2002
- XX7299/2002
- XX9999/2002
- XX2222/2003
- XX3333/2003
- XX9999/2003.

3   Processing Deferred Contracts That Were Approved in FY 2002 and FY 2003 (Continued)

   A   Identify FY 2002 and FY 2003 Contracts (Continued)

   This is an example of CCC-1200 Status Report with a previously deferred contract.

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WEST VIRGINIA                         U.S. Department of Agriculture          Prepared:  09-15-2003
BARBOUR                                    Farm Service Agency                 As of:  08-15-2003
Report ID: EEB715-R001                     CCC-1200 Status Report              Page:      1
PROGRAM:   EQIP
FUND CODE: 549999/2002

CONTRACT APPLICANT          FARM      TRACT           CONTRACT   CONTRACT   UNAPPROVED  CCC-1245'S  CONTRACT
NUMBER   NAME               NUMBER    NUMBER STATUS   VALUE      BALANCE    BALANCE     ISSUED      PERIOD


PROGRAM: EQIP FUND CODE  549999/2002 Natural Resource Concerns

1997 0003    Clarence Lion    1212    2288   Approved    50,000  50,000      40,000     10,000   03-01-2002
                                                                                                 03-01-2004

2002 0008    Samuel Adams     1097     889   Approved       500       0           0          0   07-06-2002
                                                                                                 11-10-2006

2002 0009    Joe Ranch        4451    1990   Approved     1,300     200           0        200   09-25-2002
                                                                                                 09-25-2005
PROGRAM TOTALS:   4
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   County Offices shall select all contracts with a contract period beginning in 2002 or 2003, and a contract number beginning with 1997, 1998, 1999, 2000, or 2001. In addition, select contracts with a contract period beginning in FY 2003 and a contract number beginning with 2002. These are the contracts that were deferred but have since been approved. Because these contracts did not apply the required validations, it is necessary to cancel these CCC-1200's in the system and create replacement contracts.

   B   Processing CCC-1245's Associated to the Contract

   After a County Office identifies any deferred contracts that were approved in FY 2002 and FY 2003, the County Office shall process CCC-1200 Technical Practice Status Report to determine whether CCC-1245's have been issued for the contract.

   Any outstanding CCC-1245's associated to the contract must be canceled according to the following table.

Step	Action
1	On Menu EEB300, select option "6", Cancellation Process, and PRESS "Enter".
2	On Screen EEB20550, enter the control number, and PRESS "Enter".
3	On Screen EEB20555, enter "Y" to the question, "Is this the CCC-1245 to be canceled (Y or N)?", and PRESS "Enter".
4	The accounting system will establish a receivable for amounts paid on CCC-1245. • The basis of debt code to be used is "10412". • The reason code is "1". • Enter "N" for the question, "Do you have this check in the office?" • Do not print a notification letter.
5	Screen EEB37000 will be displayed with the message "CCC-1245 has been canceled."

3   Processing Deferred Contracts That Were Approved in FY 2002 and FY 2003 (Continued)

C   Handling Deferred Contracts That Were Approved in FY 2002 and FY 2003

After all associated CCC-1245's have been canceled, County Offices shall cancel the deferred CCC-1200's that were approved in FY 2002 and FY 2003 and create replacement contracts.

Step	Action
1	On Menu EEB200, ENTER "6", and PRESS "Enter".
2	On Screen EEB20500, enter the contract number, and PRESS "Enter".
3	On Screen EEB20505, enter "Y" to the question, "Is this the CCC-1200 to be canceled (Y or N)?", and PRESS "Enter".
4	On Screen EEB27000 or Menu EEB200, ENTER "1", and PRESS "Enter".
5	Using the information from the original CCC-1200, complete the screens to create the replacement contract. **Note:** If the producer is a beginning or limited resource producer, enter "Y" for that question.
6	After the replacement contract has been created, record approval of CCC-1200 by entering the information from the original contract.
7	Note on the contract that this is a replacement contract and the number of the original contract. Staple the original CCC-1200 to the replacement CCC-1200.

D   Processing Replacement CCC-1245's

After the replacement contract has been created, County Offices shall create replacement CCC-1245's for the ones canceled.

Step	Action
1	On Menu EEB300, ENTER "1", and PRESS "Enter".
2	On Screen EEB20500, enter the contract number, and PRESS "Enter".
3	Using the information from the original CCC-1245, complete the screens to create the replacement CCC-1245.
4	After the replacement CCC-1245 has been created, record any previously recorded performance by entering the information from the original CCC-1245.
5	Use the payment generated to pay off the receivable that was created when the original CCC-1245 was canceled. Staple the original CCC-1245 to the replacement CCC-1245.